Business Plan 2002 - 2005

ATB Financial™

Corporate philosophy

Vision

To be Alberta's first choice for financial services in three target market areas: individual financial services, agri-industry and independent business. Albertans investing in Alberta.

Mission

To provide personalized financial services to Albertans while earning a fair return.

Commitments

- To meet customers' needs through innovative financial services at a competitive price.
- To demonstrate integrity in all our financial decisions by reporting our performance against published targets, implementing prudent investment practices and maintaining a secure balance sheet.
- To retain the trust and confidence of our customers and associates, and of Albertans, through open and accountable communication.
- To treat our customers and associates with fairness and respect.
- To retain and recruit the best people through a competitive compensation program and to offer training, education and career opportunities that enable associates to achieve their full potential.

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What's in a name?

We believe there's a lot in a name. In January 2002, we launched our new corporate identity, ATB Financial. The Alberta Treasury Branches name served us well for many years. But our new identifier leaves no doubt as to the business we are in (providing a broad range of financial services to Albertans) and reconfirms our commitment to the people of our province. ATB has always been there for Albertans, helping them to achieve their dreams and build their communities since 1938. And we are proud of the 3,000 ATB associates who are the heart and soul of ATB Financial. This plan continues the work begun in earnest in 1996, as we evolve to meet the changing and increasingly diverse financial needs of Albertans in a global marketplace.

Ron Triffo
Chairman of the Board

In our last business plan, we identified people, process and access as key elements for ATB to achieve prudent growth and optimize profits. There has been significant progress over the planning period.

Bob Normand
President & CEO

On the people side, our commitment to training and lifelong learning has never been stronger. We have invested in training to enhance leadership, sales, credit and technical competencies. Over 78 percent of our vacancies have been filled by promoting internal candidates, and succession planning remains a priority. We also continue to attract experienced new employees to join the ATB Financial team.

Engaged employees are a good barometer of the health of any organization. Engagement stems from three actions: serve (people dedicated to doing their best to ensure ATB achieves its business goals), say (talking positively about ATB), and stay (loyalty and retention). Last year, our engagement score of 68 percent put us into the leading group of companies in Hewitt's North American database. With a follow-up survey in January 2002, we improved our engagement score to 75 percent, comparable to the top companies to work for in Canada. Our ongoing commitment to a positive and productive work environment is critical to our future success.

To streamline processes and increase productivity, we started significant initiatives in the areas of branch platform automation, centralization and policy development. In addition, we made good progress in implementing Credit Online Technology (COLT) decision-making tools for our retail lending operations, a project that is on track for completion in the spring 2002.

Access is vital, and we provide more touch-points, with more face-to-face sales and service interfaces, than our competitors. We have the largest number of branches and agencies of any financial institution in Alberta, and the one of the largest network of

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automated banking machines. In the last five years, we've opened 10 new branches and renovated or relocated another 32.

Our Customer Contact Centre (CCC) handled more than 1.5 million customer calls last year. CCC representatives respond to all enquiries directly with the customer, rather than through automated self-service. This point of differentiation, along with consistent training and coaching of CCC representatives, delivers a professional and convenient experience for our customers.

Research in 2001 shows that customers believe ATB takes better care of them than other financial institutions. Our associates scored high in providing personalized service, being knowledgeable, helping customers, handling and following through on requests, and listening to and understanding their needs. These are the strengths on which we will build in this business plan.

Never diverting from our prime directive of personalized customer service, we have increased our overall market share in all three lines of business. On the balance sheet, we have become the best in our class in terms of credit quality, while boosting our assets by 50 percent in five years, and through retained earnings our equity has increased by over $600 million.

In January 2002, we signed a Cooperation and Services Agreement with Rabobank International, the international corporate and investment banking arm of the Dutch-based Rabobank Group, to provide financial services to each other's customers. This alliance will focus on opportunities for customers in the food and agricultural industry and in the forestry sector.

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ATB takes better care of them than other financial institutions.

For this 2002-2005 planning period, we will focus on three key areas.

First, we will enhance our retail service delivery model to focus even more on our customers and on customer relationships. Second, we will build a competitive wealth management offering that provides solutions which meet our customers' growing needs. Last, but not least, we will further develop our expertise in commercial banking, particularly in the energy sector. In this business planning cycle, we will strengthen our position in Alberta by delivering on our customers' changing and growing needs, while achieving competitive financial returns.

Just as our business plan for 2002-2005 looks ahead to Alberta's centennial and the celebration of all that has built our province, so does ATB Financial stay focused on helping Albertans achieve their dreams. Although we've changed our trade name, our strong values and our longstanding commitment to Albertans are stronger than ever.

Ron Triffo
Chairman of the Board

Bob Normand
President and
Chief Executive Officer

Specific goals over the next five years

- Build an unassailable franchise
- Consistently earn competitive profits
- Best customer ratings in Alberta
- Top employee engagement scores
- Increased market share on loans and deposits
- Return on Assets in the 0.9 to 1.2 percent range

Economic outlook

Uncertainty best describes today's economic environment. The impact of the terrorist attacks in September 2001 on the American economy and the resulting financial turmoil accelerated a global economic slowdown.

In response to this uncertain environment, central banks have reduced short-term interest rates to levels last seen 40 years ago. In a low interest rate environment, people borrow more money for housing and retail purchases. As a result, ATB Financial has a good opportunity to grow its residential mortgage and personal loan business.

While the pace of growth in Alberta is slowing, it is unlikely to turn negative. Creation of over 20,000 jobs is expected in 2002, driven by the high level of continuing oil sands investment and a favourable tax environment for businesses and individuals in the province. Although oil and gas prices are lower than in early 2001, current levels are sufficient to attract conventional oil and gas drilling activity, albeit at lower levels.

At present, economic reports suggest that recovery is imminent while other indicators show that certain sectors are still experiencing declining activity. The general view is that a U.S.-led recovery will take hold by the second half of 2002, meaning that Canadian interest rates will likely rise by the end of 2002.

The key risks to the economic outlook include the prospect of a longer American recession that will reduce demand for Canada's and Alberta's export products. Continuing drought conditions in south and central Alberta may also pose challenges for many of our customers.

The "Alberta Advantage" remains a strong driver of our province's economy. Strengths such as abundant natural resources, a young, highly-skilled and highly-educated workforce, low tax rates and an investment-friendly climate have ranked Alberta at the top of the nation in economic growth, employment rates and per capita investment.

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Competitive environment

The four key factors that will affect our competitiveness over the next five years are the consolidation of domestic banks' operations; specialization by our competitors, capitalizing on their respective strengths; the rapidly changing information technology infrastructure; and the need to retain and attract the best people.

ATB Financial is unique in a highly competitive financial marketplace in that our activities are local, while our main competitors explore national and global aspirations. The larger Canadian banks are consolidating their business operations to reduce operating costs at home, while undertaking major investments abroad. At the same time, ATB is expanding our points of access and product offerings, seeking to grow our business by providing better service to Albertans who increasingly feel overlooked by the majors.

While further mergers of large domestic banks are unlikely over the next several years, their ongoing rationalization gives ATB an opportunity to gain market share across Alberta, particularly in personal and commercial banking.

The banking industry is becoming more specialized than ever before. Personal and commercial banking remain valuable parts of domestic banks' work, but their investment in these areas over the short term will be limited as they pursue other strategies.

The strategic management of information technology is also increasingly vital, as it provides a better understanding of our customers' financial requirements and leads to business efficiencies. ATB will ensure that technology continues to be a strategic part of service delivery and a competitive difference for our customers, although we remain mindful of the extensive investment required.

We will continue to build on our proud tradition of personalized customer service. Alberta has a high demand for talented financial service professionals, and we recognize that retaining and attracting motivated people requires an ongoing commitment to training and development, competitive compensation, a strong and positive organizational culture, and the opportunity for advancement with a progressive organization.

All of these circumstances suggest sharpening our competitive stance to ensure further growth. At the same time, our challenge remains to contain our operational and portfolio risk, at levels at or below the industry average.

ATB Financial is focused on helping

Albertans achieve their dreams

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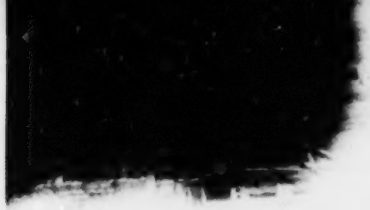

Strategies for further growth

As ATB Financial evolves to meet the increasingly diverse financial needs of Albertans in a global marketplace, we continue to focus on strategies that leverage our heritage and past accomplishments. The three tenets of our strategy for further growth are engaged employees, satisfied customers and enhanced shareholder value.

Engaged employees

Over the past three years, we have invested substantially in the training and further development of our associates, building greater depth in credit-granting, relationship management and leadership. We strive to offer competitive performance-based compensation, including incentive compensation for results above market. We maintain a strong team spirit by hiring from within wherever possible, while adding some fresh faces to the roster. Our strong customer-oriented tradition and culture gives ATB's associates opportunities to add value and to develop to their fullest potential.

Satisfied customers

To enhance the customer experience, we will focus on providing financial solutions that build a personal relationship with our customers. If our customers like ATB Financial, they will tell others about us, and referrals are a true measure of a satisfied customer. With an overall view of the customer's needs, coupled with thorough knowledge of the industry and a comprehensive product suite, we will deliver quality advice for the benefit of our customers.

Enhanced shareholder value

Over the past three years, ATB has demonstrated our ability to build business volume and to increase our market share. Revenue growth has become more stable and predictable over the past two years. However, as the economic cycle matures, we face the probability of higher loan losses, and consequently, a reduction in our profitability and a reversal of our trend towards growing earnings. We expect increases in ATB's profitability in subsequent years. With additional required investment and increased costs, our challenge is to control the expense line and to ensure that all new capital and operating expenditure efforts are scrutinized closely to ensure that they result in lower costs.

Growth initiatives for 2002 to 2005

In addition to the present direction to provide personal, independent business and agri-industry financial services, our growth initiatives over the planning period will focus on opportunities in three key areas: personal and business banking, wealth management, and commercial banking.

Personal and business banking

We will continue to focus on delivering financial solutions in a customer-centred environment. This builds on our longstanding heritage of customer service and of providing advice to enrich the customer experience. Success will be achieved when we deliver excellent service, by uncovering customer needs and delivering relevant solutions the first time, every time. Over the planning period, our multifaceted initiative will encompass activities such as:

- integrating and aligning our delivery channels with our support functions to deliver a seamless customer experience;
- clearly defining and streamlining sales and service processes to free our staff to spend more time with customers;
- continuing to improve our access network by adding three to five new branches per year in the major cities, and by renovating or relocating branches in rural areas to better serve our customers and to help solidify our position.

Wealth management

Wealth management involves helping our customers to manage their financial affairs through collaboration, goal-setting, research, financial advice, portfolio construction, and providing solutions within acceptable risk tolerances.

Steps to strengthen our wealth management offering include:

- building a strong, dedicated management and sales team with clearly defined sales processes;
- providing a suite of competitive products and integrating that offering into our traditional product line;
- delivering solutions to our customers with the right tools and technology to grow with our customers.

Commercial banking

Fundamental changes within the commercial lending market present a unique opportunity for ATB to grow our business significantly. Alberta companies are looking for expertise in debt structuring for large companies, coupled with local and industry-specific knowledge, especially in the face of restricted access to funding and reduced services from other financial institutions. Initially, we will focus on loan syndication and on the energy sector. Over the course of the planning period, we will:

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- **build a strong, dedicated management team and specialized lending capabilities in Calgary;**
- **build alliances and partnerships to provide a full range of product and service offerings; and**
- **develop expertise in loan syndication and in the energy industry, to structure solutions for those markets.**

Performance measures

ATB Financial will report its performance against published targets in our annual report. Updates appear in our quarterly financial statements.

Performance measures for this business plan cycle include:

Performance measure	*TARGETS*			
(Annual numbers are percentages)	*2001/2002*	*2002/2003*	*2003/2004*	*2004/2005*
Loan growth	9.20	8.00	8.00	8.00
Retail Deposit growth	4.50	6.94	7.95	7.96
Loan loss provisions as a percentage of total loans	0.31	0.33	0.40	0.45
Other income to total revenue	20.0	21.7	21.1	20.7
Net Interest spread on average earning assets	3.24	3.02	3.18	3.32
Expenses to operating revenue	61.31	67.40	64.91	62.38

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In an increasingly global world, ATB Financial remains proudly committed to Albertans and their province. We are meeting the substantial challenges of an increasingly competitive financial environment and turbulent economic times, while maintaining our focus.

As we pursue this business plan and our specific goals (listed on page 3), we will never waver from our unique and longstanding commitment to Albertans. For ATB Financial, Alberta pride and customer service will always be the name of the game.

Update on ATB Financial's performance

- By the end of the third quarter, December 31, 2001, total assets rose by almost 7.8 percent from the previous year to $12.4 billion; deposits grew by $662.7 million, or 6.1 percent; and equity stood at $565.8 million, more than twice the total at our March 31, 2000 year-end.
- Impaired loans represent 0.90 percent of total gross loans, with net impaired loans at a negative 0.83 percent at December 31, 2001.
- Our loan loss provisions for 2001-2002 are expected to be about 0.25 percent of average total loans, which is approximately one half of those of the chartered banks.
- ATB's efficiency ratio (non-interest expenses as a percentage of operating revenues) for the nine months ended December 31, 2001 was 58.7 percent, compared to 57.8 percent for the same period last year.
- Our 275 branches and agencies in 240 communities, plus 222 automated bank machines, give us more contact points with Albertans than any of our competitors.
- According to a study conducted by the Canadian Federation of Independent Business, ATB is the number one lender in Alberta to independent business
- We grew our market share in retail and agri-industry products in the last two years.
- We have upgraded our Internet banking system for both retail and business, and over the last five years we have introduced more than 250 new customer products.
- In the last two years, we have invested more than $40 million in new premises, renovations and the relocation of existing branches; in our Customer Contact Centre; and in electronic channels, providing more access for our customers.

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